

VILLAGE OF FOLSOM, LOUISIANA**Annual Financial Statements**

June 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/14/07

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Independent Auditor's Report

The Honorable Marshall Brumfield
and Members of the Board of Aldermen
Village of Folsom, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Village of Folsom, Louisiana (the Village), as of and for the year ended June 30, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Folsom, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Folsom, Louisiana, as of June 30, 2007, and the respective change in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2007 on our consideration of Village of Folsom, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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The management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 43 through 46, are not required parts of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Folsom, Louisiana's basic financial statements. The accompanying supplemental information listed in the table of contents under Other Supplemental Information and identified as Schedule 1 through Schedule 3 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all materials respects, in relation to the basic financial statements taken as a whole.



A Professional Accounting Corporation

August 16, 2007

REQUIRED SUPPLEMENTAL INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF FOLSOM, LOUISIANA

Year Ended June 30, 2007

Management's Discussion and Analysis

As management of the Village of Folsom, Louisiana (Village), we offer readers of the Village of Folsom, Louisiana's financial statements this narrative overview and analysis of the financial activities of the Village of Folsom, Louisiana, for the fiscal year ended June 30, 2007. This management's discussion and analysis ("MD&A") is designed to provide an objective and easy to read analysis of the Village's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of Village finances. It is also intended to provide readers with an analysis of the Village's short-term and long-term activities of the Village, based on information presented in the financial report and fiscal policies that have been adopted by the Village. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Village's financial activity, identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the notes to financial statements and the other Required Supplemental Information ("RSI") that is provided in addition to this MD&A.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's financial statements. The Village's basic financial statements consist of the following components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to Financial Statements
4. Required Supplemental Information
5. Other Supplemental Information

1. GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements are designed by GASB Statement 34 to change the way in which governmental financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a broad overview of the Village's financial position and results of operations in a manner similar to a private-sector business.

- A. The *statement of net assets* presents information on all of the Village's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or weakening.

VILLAGE OF FOLSOM, LOUISIANA
Year Ended June 30, 2007

Management's Discussion and Analysis

- B. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements further assist the reader in their evaluation by distinguishing functions of the Village into:

Governmental Activities that are principally supported by taxes and intergovernmental revenues, and

Business-Type Activities from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Village assets exceeded its liabilities at the close of the most recent fiscal year by \$2,633,222 (*net assets*). The Village's net assets are comprised of \$851,010 from Governmental Activities and \$1,782,212 from Business-Type Activities as shown on Statement A.

By far, the largest portion of the Village's net assets reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles, Village infrastructure, etc.), less any related debt used to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net assets represents resources that are subject to external restrictions on how they may be used and are classified as such. The remaining balance consists of unrestricted net assets.

At the end of the current fiscal year, the Village is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities for all funds except the Sewer Fund.

Governmental Activities

The Governmental Activities of the Village include General Government, Public Safety and Public Works. Sales taxes, franchise taxes, occupational licenses and permits, tower lease, fines and other revenues fund most of these governmental activities.

VILLAGE OF FOLSOM, LOUISIANA
Year Ended June 30, 2007

Management's Discussion and Analysis

The following shows the Village's expenses related to those functions typically associated with governments. Below, we show the General Government expenses, which include salaries, building cost, alderman fees, depreciation, and other general administration cost. Public Safety expenses encompass the Police department. Public Works expenses include salaries and maintenance of infrastructure.

For the Years Years Ended June 30,				
Governmental Activity Expenses				
	2007	Percentage	2006	Percentage
General Government	\$ 276,303	45%	\$ 259,516	42%
Public Safety	216,156	35%	224,841	36%
Public Works	118,700	19%	130,676	21%
Interest on Debt	961	1%	1,331	1%
Total Governmental Activities	\$ 612,120	100%	\$ 616,364	100%

General revenues are those available for the Village to use to pay for the governmental activities described above. The following shows the Village's general revenues:

For the Years Ended June 30,				
General Revenues				
	2007	Percentage	2006	Percentage
Taxes	\$ 599,758	83%	\$ 581,918	79%
Insurance Licenses	84,735	12%	89,137	12%
Tower Lease	18,526	3%	19,300	3%
Licenses and Permits	31,947	4%	35,784	5%
Fines and Forfeitures	20,519	3%	31,156	4%
Investment Earnings	18,003	3%	7,593	1%
Other General Revenues	34,923	5%	23,665	3%
Transfers	(88,900)	-13%	(52,000)	-7%
Total General Revenues and Transfers	\$ 719,511	100%	\$ 736,553	100%

VILLAGE OF FOLSOM, LOUISIANA
Year Ended June 30, 2007

Management's Discussion and Analysis

Business-Type Activities

The business-type activities of the Village are those that the Village charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Village's water, sewer, and garbage departments are reported here.

Business-Type Activities	Water		Sewer		Garbage	
	For the Years		For the Years		For the Years	
	Ended June 30,		Ended June 30,		Ended June 30,	
	2007	2006	2007	2006	2007	2006
Operating Revenues	\$ 116,039	\$ 111,369	\$ 71,574	\$ 65,161	\$ 32,307	\$ 28,124
Operating Expenses	140,352	136,758	136,696	130,397	28,737	29,270
Net Operating Loss	\$ (24,313)	\$ (25,389)	\$ (65,122)	\$ (65,236)	\$ 3,570	\$ (1,146)

2. FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

- A. Governmental funds are used to account for most of the Village's basic services as reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciling statements are presented as Statement D and Statement F.

VILLAGE OF FOLSOM, LOUISIANA
Year Ended June 30, 2007

Management's Discussion and Analysis

The Village maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and change in fund balances for the General Fund and Special Revenue Fund, which are considered to be major funds. Data from the other governmental funds, which include the Sewer Treatment Debt Service Fund and the Street Improvement Debt Service Fund, are combined into a single, aggregated presentation.

The basic governmental fund financial statements are presented as Statement C and Statement E of this report.

Financial Analysis of the Governmental Funds

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$883,349. In the General Fund, the unreserved fund balance is \$471,482. The Village has an unreserved fund balance of \$351,744 in the Special Revenue Fund, which handles the sales tax collections.

The reserved fund balance in non-major governmental funds in the amount of \$60,123 indicates that these funds are not available for new spending because they have already been committed for debt service. The net increase in fund balance during the current year in the debt service funds was \$821. The debt service funds' total fund balance is reserved for the payment of debt.

Change in Fund Balance of the Village's Major Funds follow:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Fund Balance at June 30, 2006	\$ 304,008	\$ 270,149
Fund Balance at June 30, 2007	<u>471,482</u>	<u>351,744</u>
Increase in Fund Balance	<u>\$ 167,474</u>	<u>\$ 81,595</u>

Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in the Other Supplemental Information portion of this report, presented as Schedule 1 and Schedule 2.

- B. Proprietary funds - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its Water, Sewer and Garbage departments. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer and Garbage departments, which are considered to be major

VILLAGE OF FOLSOM, LOUISIANA
Year Ended June 30, 2007

Management's Discussion and Analysis

funds of the Village. The basic proprietary fund financial statements are presented as Statement G, Statement H, and Statement I of this report.

3. NOTES TO FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 41 of this report.

4. REQUIRED SUPPLEMENTAL INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information is presented as Schedule 1, Schedule 2, and Schedule 3 of this report.

5. OTHER SUPPLEMENTAL INFORMATION

- A. Combining statements of the Non-Major Governmental Funds for the Sewer Treatment Debt Service Fund and the Street Improvement Project Debt Service Fund have been presented as Schedule 1 and Schedule 2 of the Other Supplemental Information section of this report.
- B. The Schedule of Governing Board is presented as Schedule 3 of the Other Supplemental Information section of this report.

Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Joyce Core; Village Administrator; 82341 Railroad Avenue, Folsom, Louisiana 70437.

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF FOLSOM, LOUISIANA
Statement of Net Assets
June 30, 2007

Statement A

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 568,485	\$ 16,773	\$ 585,258
Investments	239,936	4,140	244,076
Receivables			
Water, Sewer and Garbage (Net)	-	24,379	24,379
Sales Taxes	43,670	-	43,670
Other	11,093	1,965	13,058
Internal Balances	33,343	(33,343)	-
Restricted Cash and Cash Equivalents	-	107,747	107,747
Capital Assets, Net	106,849	2,442,662	2,549,511
Total Assets	1,003,376	2,564,323	3,567,699
Liabilities			
Accounts Payable	12,408	2,038	14,446
Accrued Liabilities	770	-	770
Compensated Absences	33,838	5,852	39,690
Payable from Restricted Assets			
Customer Deposits	-	40,695	40,695
Revenue Bonds - Due within One Year	-	19,300	19,300
Revenue Bonds Payable - Due in More than One Year	-	714,226	714,226
Certificates of Indebtedness Payable			
Due within One Year	18,000	-	18,000
Due in more than One Year	82,000	-	82,000
Community Disaster Loan Payable			
Due in more than One Year	5,350	-	5,350
Total Liabilities	152,366	782,111	934,477
Net Assets			
Invested in Capital Assets, Net of Related Debt	106,849	1,728,436	1,835,285
Restricted for			
Debt Service	60,123	-	60,123
Revenue Bonds	-	44,419	44,419
Meter Deposits	-	3,333	3,333
Unrestricted	684,038	6,024	690,062
Total Net Assets	\$ 851,010	\$ 1,782,212	\$ 2,633,222

The accompanying notes are an integral part of these financial statements.

VILLAGE OF FOLSOM, LOUISIANA
Statement of Activities
June 30, 2007

Statement B

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets		Total
		Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	
Governmental Activities						
General Government	\$ 276,303	\$ -	\$ 25,000	\$ (251,303)	\$ -	\$ (251,303)
Public Safety	216,156	-	-	(216,156)	-	(216,156)
Public Works	118,700	-	-	(118,700)	-	(118,700)
Interest on Debt	961	-	-	(961)	-	(961)
Total Governmental Activities	612,120	-	25,000	(587,120)	-	(587,120)
Business-Type Activities						
Water	140,352	116,039	-	-	(24,313)	(24,313)
Sewer	136,696	71,574	-	-	(65,122)	(65,122)
Garbage	28,737	32,307	-	-	3,570	3,570
Interest Expense	37,764	-	-	-	(37,764)	(37,764)
Total Business-Type Activities	343,549	219,920	-	-	(123,629)	(123,629)
Total	\$ 955,669	\$ 219,920	\$ 25,000	(587,120)	(123,629)	(710,749)
General Revenues						
Taxes				599,758	-	599,758
Insurance Licenses				84,735	-	84,735
Tower Lease				18,526	-	18,526
Licenses and Permits				31,947	-	31,947
Fines and Forfeitures				20,519	-	20,519
Investment Earnings				18,003	2,884	20,887
Other General Revenues				34,923	-	34,923
Transfers				(88,900)	88,900	-
Total General Revenues and Transfers				719,511	91,784	811,295
Change in Net Assets				132,391	(31,845)	100,546
Net Assets, Beginning of Year				718,619	1,814,057	2,532,676
Net Assets, End of Year				\$ 851,010	\$ 1,782,212	\$ 2,633,222

The accompanying notes are an integral part of these financial statements.

BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS

VILLAGE OF FOLSOM, LOUISIANA
 Balance Sheet
 Governmental Funds
 Year Ended June 30, 2007

	General Fund	Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 273,264	\$ 235,098	\$ 60,123	\$ 568,485
Investments	149,093	90,843	-	239,936
Receivables, Net				
Sales Taxes	-	43,670	-	43,670
Other Receivables	11,093	-	-	11,093
Due from Other Funds	78,380	-	-	78,380
Total Assets	\$ 511,830	\$ 369,611	\$ 60,123	\$ 941,564
Liabilities and Fund Balance				
Liabilities				
Accounts Payable	\$ 10,297	\$ 2,111	\$ -	\$ 12,408
Accrued Liabilities	770	-	-	770
Due to Other Funds	29,281	15,756	-	45,037
Total Liabilities	40,348	17,867	-	58,215
Fund Balance				
Reserved for Debt Service	-	-	60,123	60,123
Unreserved, Reported in				
General Fund	471,482	-	-	471,482
Special Revenue Fund	-	351,744	-	351,744
Total Fund Balances	471,482	351,744	60,123	883,349
Total Liabilities and Fund Balances	\$ 511,830	\$ 369,611	\$ 60,123	\$ 941,564

The accompanying notes are an integral part of these financial statements.

VILLAGE OF FOLSOM, LOUISIANA
Reconciliation of the Governmental Fund Balances to the
Government-Wide Financial Statement of Net Assets
June 30, 2007

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances - Total Governmental Funds	\$ 883,349
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental Capital Assets	370,286
Less: Accumulated Depreciation	(263,437)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Bonds Payable	(105,350)
Compensated Absences	<u>(33,838)</u>

Net Assets of Governmental Activities	<u>\$ 851,010</u>
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF FOLSOM, LOUISIANA
Statement of Revenues, Expenditures and Change in Fund Balance
Governmental Funds
For the Year Ended June 30, 2007

	General Fund	Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes				
Sales Taxes	\$ -	\$ 554,472	\$ -	\$ 554,472
Franchise Taxes	37,802	-	-	37,802
Other	7,484	-	-	7,484
Licenses and Permits	31,947	-	-	31,947
Insurance Licenses	84,735	-	-	84,735
Tower Lease	18,526	-	-	18,526
Grants	25,000	-	-	25,000
Fines and Forfeitures	20,519	-	-	20,519
Interest Income	2,963	12,263	2,777	18,003
Other Revenues	35,567	1,842	-	37,409
Total Revenues	264,543	568,577	2,777	835,897
Expenditures				
Current				
General Government	272,844	-	-	272,844
Public Safety	208,813	-	-	208,813
Public Works	-	106,304	-	106,304
Debt Service				
Principal	-	-	13,535	13,535
Interest and Fiscal Charges	-	-	961	961
Total Expenditures	481,657	106,304	14,496	602,457
Excess (Deficiency) of Revenues Over Expenditures	(217,114)	462,273	(11,719)	233,440
Other Financing Sources (Uses)				
Proceeds from Long-Term Debt	105,350	-	-	105,350
Transfers In	279,238	-	12,540	291,778
Transfers Out	-	(380,678)	-	(380,678)
Net Transfers	384,588	(380,678)	12,540	16,450
Net Change in Fund Balances	167,474	81,595	821	249,890
Fund Balance, Beginning of Year	304,008	270,149	59,302	633,459
Fund Balance, End of Year	\$ 471,482	\$ 351,744	\$ 60,123	\$ 883,349

The accompanying notes are an integral part of these financial statements.

VILLAGE OF FOLSOM, LOUISIANA
Reconciliation of the Governmental Fund Statement of
Revenues, Expenditures and Change in Fund Balance
to the Statement of Activities
Year Ended June 30, 2007

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ 249,890
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Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which depreciation exceeded capital outlay charged in the current period.	(19,949)
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In the statement of activities, only the loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the remaining book value of the capital assets sold.	(2,486)
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	(91,815)
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Change in Governmental Fund Compensated Absences	<u>(3,249)</u>
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Change in Net Assets of Governmental Activities	<u>\$ 132,391</u>
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF FOLSOM, LOUISIANA
Statement of Net Assets
Proprietary Funds
June 30, 2007

	Water	Sewer	Garbage	Total
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 5,996	\$ 4,687	\$ 6,090	\$ 16,773
Investments	4,140	-	-	4,140
Due from Other Funds	2,269	-	-	2,269
Receivables				
Water, Sewer and Garbage (Net)	12,657	8,146	3,576	24,379
Other	1,295	494	176	1,965
Total Current Assets	26,357	13,327	9,842	49,526
Non-Current Assets				
Restricted Cash and Cash Equivalents	81,658	26,089	-	107,747
Capital Assets (Net of Accumulated Depreciation)	1,377,664	1,064,998	-	2,442,662
Total Non-Current Assets	1,459,322	1,091,087	-	2,550,409
Total Assets	1,485,679	1,104,414	9,842	2,599,935
Liabilities				
Current Liabilities				
Accounts Payable	431	1,607	-	2,038
Due to Other Funds	11,737	18,985	4,890	35,612
Compensated Absences	2,253	3,599	-	5,852
Payable from Restricted Assets:				
Revenue Bonds	16,313	2,967	-	19,300
Customer Deposits	22,085	18,610	-	40,695
Total Current Liabilities	52,819	45,788	4,890	103,497
Non-Current Liabilities				
Revenue Bonds Payable	479,829	234,397	-	714,226
Total Liabilities	532,648	280,185	4,890	817,723
Net Assets				
Invested in Capital Assets, Net of Related Debt	897,835	830,601	-	1,728,436
Restricted for				
Revenue Bonds	41,718	2,701	-	44,419
Customer Deposits	1,542	1,791	-	3,333
Unrestricted Net Assets	11,936	(10,864)	4,952	6,024
Total Net Assets	\$ 953,031	\$ 824,229	\$ 4,952	\$ 1,782,212

The accompanying notes are an integral part of these financial statements.

VILLAGE OF FOLSOM, LOUISIANA
Statement of Revenues, Expenses and Change in Net Assets
Proprietary Funds
Year Ended June 30, 2007

	Water	Sewer	Garbage	Total
Operating Revenues				
Service Fees	\$ 103,596	\$ 70,874	\$ 32,157	\$ 205,627
Installation Fees	5,675	700	-	6,375
Delinquent Fees	6,498	-	-	6,498
Other	270	-	150	420
Total Operating Revenues	116,039	71,574	32,307	219,920
Operating Expenses				
Salaries and Fringe Benefits	49,060	52,406	-	101,466
Garbage Collection	-	-	26,884	26,884
Utilities	9,144	18,007	-	27,151
Repairs and Maintenance	12,076	18,706	-	30,782
Depreciation	48,913	32,343	-	81,256
General and Administrative	21,159	15,234	1,853	38,246
Total Operating Expenses	140,352	136,696	28,737	305,785
Operating Income (Loss)	(24,313)	(65,122)	3,570	(85,865)
Non-Operating Revenues (Expenses)				
Interest Income	1,661	1,223	-	2,884
Interest and Fiscal Charges	(26,138)	(11,626)	-	(37,764)
Total Non-Operating Expenses	(24,477)	(10,403)	-	(34,880)
Income (Loss) before Transfers	(48,790)	(75,525)	3,570	(120,745)
Operating Transfers	29,700	59,200	-	88,900
Change in Net Assets	(19,090)	(16,325)	3,570	(31,845)
Net Assets, Beginning of Year	972,121	840,554	1,382	1,814,057
Net Assets, End of Year	\$ 953,031	\$ 824,229	\$ 4,952	\$ 1,782,212

The accompanying notes are an integral part of these financial statements.

VILLAGE OF FOLSOM, LOUISIANA
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2007

	Water	Sewer	Garbage	Total
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 115,848	\$ 73,596	\$ 32,346	\$ 221,790
Payments to Suppliers	(43,662)	(60,200)	(31,181)	(135,043)
Payments to Employees	(49,060)	(52,407)	-	(101,467)
Net Cash Provided by (Used in) Operating Activities	23,126	(39,011)	1,165	(14,720)
Cash Flows from Non-Capital Financing Activities				
Operating Transfers in	29,700	59,200	-	88,900
Proceeds (Repayment) of Interfund Borrowings to Other Funds	(2,893)	1,298	-	(1,595)
Net Cash Provided by Non-Capital Financing Activities	26,807	60,498	-	87,305
Cash Flows from Capital and Related Financing Activities				
Principal Paid on Capital Debt	(16,779)	(3,127)	-	(19,906)
Interest Paid on Capital Debt	(26,138)	(11,626)	-	(37,764)
Net Cash Used in Capital and Related Financing Activities	(42,917)	(14,753)	-	(57,670)
Cash Flows from Investing Activities				
Interest Received	1,661	1,223	-	2,884
Net Cash Provided by Investing Activities	1,661	1,223	-	2,884
Net Increase in Cash and Cash Equivalents	8,677	7,957	1,165	17,799
Cash and Cash Equivalents, Beginning of Year	78,977	22,819	4,925	106,721
Cash and Cash Equivalents, End of Year	\$ 87,654	\$ 30,776	\$ 6,090	\$ 124,520
Cash and Cash Equivalents Reconciliation				
Cash and Cash Equivalents (Unrestricted)	\$ 5,996	\$ 4,687	\$ 6,090	\$ 16,773
Restricted Cash and Cash Equivalents	81,658	26,089	-	107,747
Cash and Cash Equivalents, End of Year	\$ 87,654	\$ 30,776	\$ 6,090	\$ 124,520

The accompanying notes are an integral part of these financial statements.

VILLAGE OF FOLSOM, LOUISIANA
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2007

	Water	Sewer	Garbage	Total
Reconciliation of Operating Loss to Net Cash				
Provided by (Used in) Operating Activities				
Operating (Loss) Income	\$ (24,313)	\$ (65,122)	\$ 3,570	\$ (85,865)
Adjustments to Reconcile Operating (Loss) Income to Net Cash				
Provided by (Used in) Operating Activities				
Depreciation	48,913	32,343	-	81,256
Changes in Assets and Liabilities				
(Increase) Decrease in Accounts Receivable	(2,158)	993	40	(1,125)
(Decrease) in Accounts Payable and				
Accrued Liabilities	(1,283)	(746)	(2,445)	(4,474)
(Decrease) in Overdraft Payable	-	(7,508)	-	(7,508)
Increase in Customer Deposits	1,967	1,029		2,996
Net Cash Provided by (Used in) Operating Activities	\$ 23,126	\$ (39,011)	\$ 1,165	\$ (14,720)

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Introduction

The Village of Folsom, Louisiana (Village), was incorporated in 1915, under the provisions of the Lawrason Act, LRS 33:321. The Village operates under a Mayor-Board of Aldermen form of government. The Village provides police protection, maintenance of streets, water, sewer, and garbage services.

The accounting and reporting policies of the Village conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

Note 1. Summary of Significant Accounting Policies

Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included with the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Village includes all funds which are controlled by or dependent on the Village, which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation and management or governing authority, and authority to issue debt. Based on these criteria, the Village has determined that there are no component units that are part of the reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Change in Net Assets) report information on all of the non-fiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds and the Village's proprietary funds. Most individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the Village. This fund is used to account for all financial transactions and resources, except those that are required to be accounted for in another fund. Revenues are derived primarily of transfers from the Special Revenue Fund, licenses and permits, local taxes, fines and forfeitures, charges for service, and interest income. Expenditures of the General Fund include both general government and public safety.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Special Revenue Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specific purposes. The Village's Special Revenue Fund accounts for the collection of three sales tax issues described as follows:

1982 1% Sales Tax - All proceeds of tax are pledged and dedicated to the retirement of 1982 General obligation bonds for the sewer treatment plant. Uses of funds are as follows:

1. Payment of all reasonable and necessary expenses of collection and administering tax.
2. Payment of all debt service reserve accounts.
3. Payment of all reasonable and necessary expenses of operating the system.
4. All remaining monies will be regarded as surplus and can be used for any lawful purpose.

1986 1% Sales Tax - Proceeds are undesignated as to use.

1995 ½% Sales Tax - Dedicated to providing police protection to the Village.

Additionally, the Village reports two Debt Service Funds - Sewer Treatment and Street Improvement Project. Debt Service Funds are used to account for the accumulation of resources for, and payment of, long-term debt principal and interest.

The Village has three proprietary funds to account for the water, sewer, and garbage services it provides to the residents and businesses of the Village.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with, or contradict guidance of, the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues for the Village's proprietary funds consist of charges to customers and users of its water and sewer services. Operating expenses for the Village's proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets and Budgetary Accounting

All proposed budgets must be completed and submitted to the Village Council no later than fifteen days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means for financing them. The final budget must be adopted before the ensuing fiscal year begins.

The Village adopted a budget on a basis consistent with generally accepted accounting principles for the following funds: General Fund and Special Revenue Fund. At the end of the fiscal year, unexpended appropriations of these funds automatically lapse. The Village follows these procedures in establishing the budgetary data reflected in this statement:

1. The Mayor, Board of Aldermen, Village Clerk, and other advisory personnel assemble the necessary financial information. The Mayor submits the information for review to the Board of Aldermen at least 45 days prior to July 1 of the following year.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to the beginning of the new fiscal year, the budget is legally enacted through passage of a resolution by the Board of Aldermen.
4. The Mayor is authorized to transfer budgeted amounts among programs within a department, office or agency; however, any revisions that alter the total revenues and/or expenditures budgeted for any department, office, agency or fund must be approved by the Board of Aldermen.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Deposits and Investments

Cash includes amounts in demand deposits.

Under state law, the Village may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Village may invest in United States bonds, treasury notes, repurchase agreements, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Short-term investments are stated at amortized cost, which approximates market. Investments, as required by Government Auditing Standards Board Statement No. 31 are reported at fair value, which is determined using selected bases.

Cash and cash equivalents consist of cash, as defined above, including restricted cash.

Accumulated Unpaid Vacation Leave and Sick Pay

The Village's employees earn vacation time at the rate of one week for up to two years of service and two weeks for years of service, thereafter. Sick leave is earned at a rate of one day per month and can accumulate up to a limit of 480 hours. Sick leave is not paid upon termination or retirement. The Village has recorded a liability for unpaid compensated absences of \$33,838 for Governmental Activities, \$2,253 in the Water Enterprise Fund and \$3,599 in the Sewer Enterprise Fund.

Accounts Receivable

Outstanding balances between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/due from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "Internal Balances".

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of the particular receivable. The allowance is \$3,811 for the Water Fund, \$4,600 for the Sewer Fund, and \$2,000 for the Garbage Fund at June 30, 2007.

Capital Assets

Capital assets, which include property, plant and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical costs are not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$2,500 or more for capitalizing assets.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital outlays are recorded as expenditures in the fund financial statements, and they are recorded as assets in the government-wide financial statements to the extent the Village's capitalization threshold is met. In accordance with GASB Statement No. 34, the Village is a Phase 3 government and, as such, is not required to capitalize its infrastructure retroactively. The Village has decided to record its infrastructure on a prospective basis. The Village has capitalized its water and sewer infrastructure. The Village capitalizes interest on construction in its Proprietary Funds. Capital outlays of the Proprietary Funds are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis on both the funds basis and the government-wide basis.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	20 Years
Buildings and Building Improvements	15 – 40 Years
Water and Sewer System	40 Years
Furniture and Fixtures	7 Years
Vehicles	5 Years
Equipment	5 – 20 Years

Long-Term Obligations

In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Equity

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - Net assets with constraints placed on the use either by:
 - a. external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or
 - b. law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Interfund Transactions

Permanent re-allocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the Debt Service Funds, which were not budgeted. All annual appropriations lapse at fiscal year end.

The Village was in compliance with the Local Budget Act. See Note 1 for the procedures the Village follows regarding budgets and budgetary accounting.

The Village does not utilize encumbrance accounting.

Note 2. Stewardship, Compliance and Accountability

Deposits and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. The Village was in compliance with the deposit and investment laws and regulations.

Compliance with Debt Covenants

1. Compliance with Sales Tax Bond Covenants

As of June 30, 2007, the Village was in compliance with all Sales Tax Bond Covenants.

2. Compliance with Sewer Revenue Bond Covenants

As of June 30, 2007, the Village was in compliance with all Sewer Revenue Bond Covenants.

Note 3. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the Village may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 3. Cash and Cash Equivalents (Continued)

At year-end, the carrying amount of the Village's bank deposits was \$693,005 (including \$107,747 of restricted cash) and the bank balance was \$697,720. The difference was primarily due to outstanding checks. Of the bank balances, \$106,076 was covered by federal depository insurance. In compliance with state laws, the remaining balance of \$591,644 was secured by bank-owned securities specifically pledged to the Village and held by an independent custodian bank (GASB Category 3).

Even though the deposits covered by pledged securities are considered uncollateralized (Category 3), under the provisions of GASB Statement No. 3, and exposed to custodial credit risk, under the provisions of GASB Statement No. 40, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Village that the fiscal agent has failed to pay deposited funds upon demand. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

Note 4. Investments

Investments held at June 30, 2007, consist of \$143,597 in LAMP, and \$100,479 in certificates of deposit at a local bank.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

GASB Statement No. 40 *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 4. Investments (Continued)

- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.
- Foreign currency risk: Not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc., is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

Note 5. Capital Assets

The following is a summary of the change in capital assets for the fiscal year ended June 30, 2007:

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Governmental Activities				
Capital Assets Being Depreciated				
Buildings and Improvements	\$ 114,692	\$ -	\$ -	\$ 114,692
Equipment, Furniture and Vehicles	254,931	9,984	(9,321)	255,594
Total Capital Assets Being Depreciated	369,623	9,984	(9,321)	370,286
Less Accumulated Depreciation for				
Buildings and Improvements	(62,797)	(6,817)	-	(69,614)
Equipment, Furniture and Vehicles	(177,542)	(23,116)	6,835	(193,823)
Total Accumulated Depreciation	(240,339)	(29,933)	6,835	(263,437)
Totals	\$ 129,284	\$ (19,949)	\$ (2,486)	\$ 106,849

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 5. Capital Assets (Continued)

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Business-Type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 14,350	\$ -	\$ -	\$ 14,350
Capital Assets Being Depreciated				
Water System and Equipment	1,913,675	-	-	1,913,675
Sewer System and Equipment	1,196,680	-	-	1,196,680
Total Capital Assets Being Depreciated	3,110,355	-	-	3,110,355
Less Accumulated Depreciation for				
Water System and Equipment	(501,449)	(48,913)	-	(550,362)
Sewer System and Equipment	(99,338)	(32,343)	-	(131,681)
Total Accumulated Depreciation	(600,787)	(81,256)	-	(682,043)
Total Capital Assets Being Depreciated, Net	2,509,568	(81,256)	-	2,428,312
Totals	\$ 2,523,918	\$ (81,256)	\$ -	\$ 2,442,662

Depreciation was charged to governmental functions as follows:

Public Safety	\$ 5,173
Public Works	12,552
General Government	12,208
Total	\$ 29,933

Note 6. Employee Pension Plan

Substantially all employees of the Village of Folsom, Louisiana are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana and Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer, defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 6. Employee Pension Plan (Continued)

1. Municipal Employees Retirement System of Louisiana (System)

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

Plan Description

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds, and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 20 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225)925-4810.

Funding Policy

Under Plan B, members are required by state statute to contribute 5 percent of their annual covered salary, and the Village of Folsom, Louisiana is required to contribute at an actuarially determined rate. The current rate is 9.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except in Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Village of Folsom, Louisiana are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Village of Folsom, Louisiana's required contributions to the System under Plan B for the years ended June 30, 2007, 2006, and 2005, were \$16,054, \$18,451, and \$12,449, respectively, equal to the required contributions for the year.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 6. Employee Pension Plan (Continued)

2. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service, or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy

Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Village of Folsom, Louisiana is required to contribute at an actuarially determined rate. The current rate is 15.5 percent of annual covered payroll. The contribution requirements of plan members and the Village of Folsom, Louisiana are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Village of Folsom, Louisiana's required contributions to the System for the years ended June 30, 2007, 2006, and 2005 were \$14,031, \$13,793 and \$22,699, respectively, equal to the required contributions for each year.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 7. Insurance Coverage

Type of Coverage	Period of Coverage	Coverage	
Auto Property Damage	8-19-06 to 8-19-07	Total	97,259
Commercial Property	11-13-06 to 11-13-07	Town Hall	246,752
		Water and Sewer	71,681
Fidelity Bond	12-30-06 to 12-30-07	Mayor and Aldermen	40,000
		Clerk	65,000
		Police Clerk	5,000
Workers' Compensation	1-1-07 to 1-1-08	Each Accident	100,000
		Policy Limit	500,000
		Each Employee	100,000
Automotive Liability	2-1-07 to 2-1-10	Total	500,000
Commercial General Liability	2-1-07 to 2-1-10	Aggregate and Each	500,000
		Medical - per Person	1,000
		Per Accident	10,000
		Fire	50,000
Law Enforcement Liability	2-1-07 to 2-1-10		500,000
Errors and Omissions	2-1-07 to 2-1-10		500,000

Note 8. Utility Rates

Water

Up to 2,000 Gallons	\$9
2,001 to 5,000	Additional \$2.10 per Thousand
5,001 to 10,000	Additional \$1.10 per Thousand
Over 10,001	Additional \$1.00 per Thousand

Sewer, Residential

Up to 2,000	\$12.50
Over 2,000	\$2.00 per Thousand

Sewer, Commercial

Up to 2,000	\$30.00
Over 2,000	\$2.00 per Thousand
Garbage	Fixed Rate of \$12.25

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 8. Utility Rates (Continued)

At June 30, 2007, the Village served the following customers:

	Residential	Commercial	Total
Water	370	91	461
Sewer	185	33	218
Garbage	173	-	173

Note 9. Enterprise Fund Receivables

At June 30, 2007, the Village's accounts receivable from utility customers is aged as follows:

Current	\$ 18,754
31 to 60 Days	3,555
61 to 90 Days	1,991
91 and Over	<u>10,490</u>
	34,790
Less Allowance for Doubtful Accounts	<u>(10,411)</u>
Total	<u>\$ 24,379</u>

Note 10. Long-Term Liabilities

The following is a summary of long-term liability transactions and total long-term liabilities of the Village for the year ended June 30, 2007:

	Sales Tax General Obligation	Certificates of Indebtedness	Community Disaster Loan	Water Revenue	Sewer Revenue	Total
Bonds and Notes at July 1, 2006	\$ 13,535	\$ -	\$ -	\$ 512,921	\$ 240,511	\$ 766,967
Bonds Issued	-	100,000	5,350	-	-	105,350
Bonds Retired	<u>(13,535)</u>	-	-	<u>(16,779)</u>	<u>(3,127)</u>	<u>(33,441)</u>
Bonds and Notes at June 30, 2007	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 5,350</u>	<u>\$ 496,142</u>	<u>\$ 237,384</u>	<u>\$ 838,876</u>

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 10. Long-Term Liabilities (Continued)

Certificates of Indebtedness

\$100,000 Certificate of Indebtedness, Series 2007,
due in varying semi-annual installments including
interest at 4.51% per annum through May 1, 2012 \$ 100,000

Community Disaster Loan

\$5,350 Community Disaster Loan issued 11/3/06,
secured by the revenues of the Village, repayment
dates are unknown as of the release of this report \$ 5,350

Revenue Bonds - Water

\$145,000 Utility Bonds dated 11/1/72; purchased
by USDA - Rural Utilities Service, due in monthly
installments of \$717, with interest of 5% per annum
through January 1, 2012, secured by the revenues
of the Water Fund \$ 15,439

\$550,000 Utility Bonds dated 3/15/99; purchased
by USDA - Rural Utilities Service, due in monthly
installments of \$2,585, with interest at 4.75% per annum
through February 29, 2039, secured by the revenues
of the Water Fund 480,703

\$ 496,142

Revenue Bonds - Sewer

\$250,000 Utility Bonds dated 9/9/02; purchased
by USDA - Rural Utilities Service, due in monthly
installments of \$1,135, with interest at 4.5% per annum
beginning in February 2004, through February 2044,
secured by the revenues of the Sewer Fund \$ 237,384

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 10. Long-Term Liabilities (Continued)

The future debt service requirements of the bonds are as follows:

	Governmental		Water Revenue		Sewer Revenue		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 18,000	\$ 3,589	\$ 16,313	\$ 23,302	\$ 2,987	\$ 10,633	\$ 37,300	\$ 37,524
2009	19,000	3,157	16,192	22,489	3,124	10,496	38,316	36,142
2010	20,000	2,435	9,159	21,853	3,267	10,353	32,426	34,641
2011	21,000	1,669	9,604	21,408	3,417	10,203	34,021	33,280
2012 - 2016	22,000	857	55,482	99,578	19,591	48,509	97,073	148,944
2017 - 2021	-	-	70,323	84,736	24,524	43,576	94,847	128,312
2022 - 2026	-	-	89,133	65,928	30,699	37,401	119,832	103,329
2027 - 2031	-	-	112,974	42,086	38,429	29,671	151,403	71,757
2032 - 2036	-	-	116,962	12,308	39,106	19,994	156,068	32,302
2037 - 2041	-	-	-	-	69,198	7,882	69,198	7,882
2042 - 2045	-	-	-	-	3,042	21	3,042	21
	<u>\$ 100,000</u>	<u>\$ 11,707</u>	<u>\$ 496,142</u>	<u>\$ 393,688</u>	<u>\$ 237,384</u>	<u>\$ 228,739</u>	<u>\$ 833,526</u>	<u>\$ 634,134</u>

Note 11. Interfund Receivables/Payables

The primary purpose of interfund receivables/payables is to loan monies from the General Fund to individual funds to cover current expenditures. Individual fund balances due from/to other funds at June 30, 2007, are as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 78,380	\$ 29,281
Special Revenue Fund	-	15,756
Enterprise		
Water Fund	2,269	11,737
Sewer Fund	-	18,985
Garbage Fund	-	4,890
Total	<u>\$ 80,649</u>	<u>\$ 80,649</u>

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 12. Interfund Transfers

Operating transfers between funds consist primarily of sales tax revenues transferred out of the Sales Tax Fund to the particular funds for which the sales tax revenue is to be used.

	Interfund Transfers In	Interfund Transfers Out
General Fund	\$ 279,238	\$ -
Special Revenue Fund	-	380,678
Debt Service		
Sewer Treatment Fund	12,540	-
Enterprise		
Water	29,700	-
Sewer	59,200	-
Total Transfers	\$ 380,678	\$ 380,678

Note 13. Restricted Assets

On September 9, 2002, the Village issued \$250,000 of Utility Revenue Bonds, and on March 15, 2000, the Village issued \$550,000 of Utility Revenue Bonds. The proceeds of these bonds, along with a grant from U.S. Department of Agriculture, were used to fund the Village's water system improvements. The bond resolution of these issues, and also the resolution of Series 1972 Water Revenue Bonds, require the Village to restrict and maintain the following funds:

Revenue Bond Sinking Fund

The requirement calls for the establishment and maintenance of a Sewer Utility Revenue Bond and Sinking Fund sufficient to pay promptly and in full the principal of and the interest on bonds authorized as they become due and payable. As the Village makes monthly bond payments on both issues, the U.S. Department of Agriculture has waived this requirement.

Revenue Bond Reserve Fund

The Village is required to deposit monthly \$130 until the reserve requirement equal to the highest annual debt service (principal and interest) is obtained. This fund is restricted to be used to pay bonds in case of default. This requirement has been met as of June 30, 2007.

VILLAGE OF FOLSOM, LOUISIANA

Notes to Financial Statements

Note 13. Restricted Assets (Continued)

Depreciation and Contingency Fund

The resolution called for the establishment and maintenance of a Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the system. Regular deposits of \$185 per month are to be deposited with the regularly designated fiscal agent of the Village. This requirement has been met at June 30, 2007.

Note 14. Cash Flows Disclosure

During the year ended June 30, 2007, the Village's Enterprise Funds paid interest of \$37,764.

Note 15. Events Subsequent to Year End

On July 21, 2007, an election was held to recall the Aldermen of the Village of Folsom. All three Aldermen were recalled. Louisiana R.S. 18:602 states that when multiple vacancies occur in a governing authority, the governor of the State of Louisiana shall make appointments to fill all the vacancies.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)
BUDGETARY COMPARISON SCHEDULES

Schedule 1

VILLAGE OF FOLSOM, LOUISIANA
 Budgetary Comparison Schedule
 General Fund
 Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Taxes	\$ 38,200	\$ 38,200	\$ 45,286	\$ 7,086
Licenses and Permits	41,300	41,300	31,947	(9,353)
Insurance Licenses	76,000	76,000	84,735	8,735
Tower Lease	21,000	21,000	18,526	(2,474)
Fines and Forfeitures	37,000	37,000	20,519	(16,481)
Grants	-	-	25,000	25,000
Interest Income	2,500	2,500	2,963	463
Miscellaneous	35,900	35,900	35,567	(333)
Total Revenues	251,900	251,900	264,543	12,643
Expenditures				
Current:				
General Government	244,400	244,400	272,844	(28,444)
Public Safety - Police	229,100	229,100	208,813	20,287
Capital Outlay	24,500	24,500	-	24,500
Debt Service Payments	7,900	7,900	-	7,900
Total Expenditures	505,900	505,900	481,657	24,243
Deficiency of Revenues Under Expenditures	(254,000)	(254,000)	(217,114)	36,886
Other Financing Sources				
Proceeds from Long-Term Debt	-	-	105,350	105,350
Operating Transfers In	254,000	254,000	279,238	25,238
Total Other Financing Sources	254,000	254,000	384,588	130,588
Net Change in Fund Balance	\$ -	\$ -	167,474	\$ 167,474
Fund Balance, Beginning of Year			304,008	
Fund Balance, End of Year			\$ 471,482	

Schedule 2

VILLAGE OF FOLSOM, LOUISIANA
 Budgetary Comparison Schedule
 General Fund
 Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
General Government				
Salaries	\$ 64,200	\$ 64,200	\$ 67,350	\$ (3,150)
Aldermen's and Mayor's Expense	30,000	30,000	24,675	5,325
Payroll Taxes	3,050	3,050	4,876	(1,826)
Employee Pension Plan	17,700	17,700	16,054	1,646
Employee Health Insurance	24,100	24,100	14,917	9,183
Building Inspection Fees	3,200	3,200	7,212	(4,012)
Dues and Subscriptions	400	400	390	10
Capital Outlay	14,500	14,500	5,245	9,255
Fuel	7,600	7,600	6,622	978
Insurance	21,100	21,100	28,131	(7,031)
Legal and Professional	20,000	20,000	44,623	(24,623)
Office Supplies	9,350	9,350	6,420	2,930
Publications	2,600	2,600	3,041	(441)
Repairs and Maintenance	4,000	4,000	1,851	2,149
Supplies	7,000	7,000	6,812	188
Utilities	11,300	11,300	8,911	2,389
STMA/Centennial	1,000	1,000	1,524	(524)
Other	3,300	3,300	24,190	(20,890)
Total General Government	\$ 244,400	\$ 244,400	\$ 272,844	\$ (28,444)

Schedule 2 (Continued)

VILLAGE OF FOLSOM, LOUISIANA
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
Public Safety				
Salaries	\$ 135,600	\$ 135,600	\$ 117,124	\$ 18,476
Employee Health Insurance	20,300	20,300	21,662	(1,362)
Retirement	15,400	15,400	15,345	55
Payroll Taxes	4,200	4,200	4,315	(115)
Fuel	7,800	7,800	10,093	(2,293)
Insurance	22,000	22,000	21,780	220
Law Enforcement Fees	300	300	251	49
Juvenile Justice Fees	750	750	550	200
CMIS Fees	200	200	119	81
Legal and Professional	2,000	2,000	750	1,250
Other	1,050	1,050	3,255	(2,205)
Repairs and Maintenance	7,000	7,000	4,888	2,112
Supplies and Uniforms	5,500	5,500	2,932	2,568
Telephone	5,500	5,500	4,999	501
Training	1,500	1,500	750	750
Total Public Safety	\$ 229,100	\$ 229,100	\$ 208,813	\$ 20,287

Schedule 3

VILLAGE OF FOLSOM, LOUISIANA
Budgetary Comparison Schedule
Special Revenue Fund
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Taxes				
Sales and Use	\$ 506,000	\$ 506,000	\$ 554,472	\$ 48,472
Other	5,500	5,500	1,842	(3,658)
Interest Income	4,110	4,110	12,263	8,153
Total Revenues	515,610	515,610	568,577	52,967
Expenditures				
Public Works				
Salaries	50,400	50,400	53,831	(3,431)
Payroll Taxes	800	800	1,476	(676)
Employee Health Insurance	8,150	8,150	6,204	1,946
Insurance	7,850	7,850	9,406	(1,556)
Dumpster	1,500	1,500	1,320	180
Highway Maintenance	1,000	1,000	2,129	(1,129)
Supplies	38,400	38,400	13,501	24,899
Street Lighting	2,300	2,300	308	1,992
Street Maintenance	45,500	45,500	17,979	27,521
Other	600	600	150	450
Capital Outlay	10,000	10,000	-	10,000
Total Expenditures	166,500	166,500	106,304	60,196
Excess of Revenues Over Expenditures	349,110	349,110	462,273	113,163
Other Financing Uses				
Operating Transfers	3,690	3,690	(380,678)	(384,368)
Total Other Financing Uses	3,690	3,690	(380,678)	(384,368)
Net Change in Fund Balance	\$ 352,800	\$ 352,800	81,595	\$ (271,205)
Fund Balance, Beginning of Year			270,149	
Fund Balance, End of Year			\$ 351,744	

OTHER SUPPLEMENTAL INFORMATION

Other Supplemental Information
Schedule 1

VILLAGE OF FOLSOM, LOUISIANA
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2007

	<u>Debt Service</u>		Total Non-Major Governmental Funds
	<u>Sewer Treatment</u>	<u>Street Improvement Project</u>	
Assets			
Cash	\$ 33,385	\$ 26,738	\$ 60,123
Total Assets	\$ 33,385	\$ 26,738	\$ 60,123
Fund Balance			
Reserved for Debt Service	\$ 33,385	\$ 26,738	\$ 60,123
Total Fund Balance	\$ 33,385	\$ 26,738	\$ 60,123

The accompanying notes are an integral part of these financial statements.

Other Supplemental Information
Schedule 2

VILLAGE OF FOLSOM, LOUISIANA
Combining Statement of Revenues, Expenditures and
Change in Fund Balance
Non-Major Governmental Funds
Year Ended June 30, 2007

	<u>Debt Service</u>		Total Non-Major Governmental Funds
	<u>Sewer Treatment</u>	<u>Street Improvement Project</u>	
Revenues			
Interest Income	\$ 2,561	\$ 216	\$ 2,777
Total Revenues	<u>2,561</u>	<u>216</u>	<u>2,777</u>
Expenditures			
Debt Service			
Principal	13,535	-	13,535
Interest and Fiscal Charges	961	-	961
Total Expenditures	<u>14,496</u>	<u>-</u>	<u>14,496</u>
(Deficiency) Excess of Revenues Over Expenditures	<u>(11,935)</u>	<u>216</u>	<u>(11,719)</u>
Other Financing Sources			
Operating Transfers In	12,540	-	12,540
Total Other Financing Sources	<u>12,540</u>	<u>-</u>	<u>12,540</u>
Net Change in Fund Balance	605	216	821
Fund Balance, Beginning of Year	<u>32,780</u>	<u>26,522</u>	<u>59,302</u>
Fund Balance, End of Year	<u>\$ 33,385</u>	<u>\$ 26,738</u>	<u>\$ 60,123</u>

The accompanying notes are an integral part of these financial statements.

Other Supplemental Information
Schedule 3

VILLAGE OF FOLSOM, LOUISIANA
Schedule of Governing Board
Year Ended June 30, 2007

Board of Aldermen	Compensation
George Garrett P.O. Box 44 Folsom, LA 70437 (985) 796-5745	\$ 5,625
Ronald Holliday P.O. Box 575 Folsom, LA 70437 (985) 796-5689	\$ 5,625
John T. Mathies 82337 Austin St. Folsom, LA 70437 (985) 796-0012	\$ 5,625

OTHER REPORTS



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Marshall Brumfield
and Members of the Board of Aldermen
Village of Folsom, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Folsom, Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the Village of Folsom, Louisiana's basic financial statements and have issued our report thereon dated August 16, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village of Folsom, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Folsom, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Folsom, Louisiana's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Folsom, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village of Folsom, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the Village of Folsom, Louisiana's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Folsom, Louisiana's internal control.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Folsom, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management of the Village of Folsom, Louisiana, federal awarding agencies and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script, likely representing the firm's name, is positioned above the corporate name.

A Professional Accounting Corporation

August 16, 2007